

A-123 Compliance at The General Services Administration

16th Annual Government Financial
Management Conference

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GSA Background

- ❑ \$18.5 B of revenues in FY2005
- ❑ 12,455 employees
- ❑ 1.4 M vendor invoices
- ❑ 475,000 billings to Federal customers
- ❑ Six revolving funds which conduct seventeen lines of business. Additionally, GSA has ten general funds, nine special funds, and thirteen miscellaneous receipt/deposit funds.
- ❑ Virtually unappropriated

GSA Background

GSA received disclaimers of opinions on the 2005 budgetary statements of two revolving funds as well as the consolidated GSA budgetary statements.

This provided “fertile ground” for internal control improvements in 2006 as well as A-123 implementation.

How GSA Implemented A-123

- Consulted the General Accountability Office's Financial Audit Manual (FAM), section 230 and set a materiality of $\frac{3}{4}$ of 1% of larger of assets or expenses
- Drafted our own documentation based on internal control documentation from external auditors
- Employed 7 auditors (5 financial and 2 system) for testing of controls (cost \$500,000 + \$50,000 in travel)
- Supplemented testing teams with approximately 14 GSA employees which offered the benefits of audit knowledge and GSA institutional knowledge as well as cross-pollenization benefits

How GSA Implemented A-123

- ❑ Convened the Senior Assessment Team
- ❑ “Sold” A-123 to GSA as an opportunity to provide feedback to managers BEFORE they completed their FMFIA assurance surveys as well as an avenue to cheaper, less intrusive, external financial audit (TBD)
- ❑ “Marketed” A-123 with posters and emails
- ❑ Characterized a successful A-123 implementation as key to regaining clean opinions, providing superior customer service, as well as financial excellence
- ❑ Visited 6 of 12 regional offices and 1 of 2 supply depots
- ❑ Spent approximately 8 business days at each site

How GSA Implemented A-123

- Wrapped up testing on June 2nd
- Results were summarized and presented to the Senior Assessment Team

What A-123 Teams Found

- ❑ Same issues identified in 2005 audit
- ❑ New issues not identified in 2005 audit
- ❑ Validated that clean up efforts were occurring and were effective
- ❑ Our feeder systems, which often are not SGL compliant, are causing inefficiencies
- ❑ Weak asset controls
- ❑ Inconsistent processes
- ❑ Great learning experience

What A-123 Teams Found

- ❑ UFCOs that were never filled and not properly cancelled by project management
- ❑ Residual balances on UFCOs that were not closed-out by project management
- ❑ Expired Period of Performance relating to funding authority

What A-123 Teams Found

- ❑ Old purchase orders that were never filled and not properly cancelled through contracting activities
- ❑ Residual balances on purchase orders that were not properly closed-out through contracting activities
- ❑ Failure to reconcile credit card logs
- ❑ System accrual errors - contract closed but business feeder systems continued to generate accruals
- ❑ Long-standing delivered unpaid due to failure of vendor to submit proper invoice

What A-123 Teams Found

- ❑ Failure to expense cancelled projects
- ❑ Failure to timely transfer projects from CIP to Buildings asset account when substantially complete
- ❑ Improper balances brought forward during conversion to new accounting system

Going Forward

- ❑ Submit the Assurance Statement as of June 30 which will not be formally submitted until November in our Performance and Accountability Report
- ❑ Press our external auditors to rely on our documentation and testwork as much as possible

Lessons Learned

- ❑ Provide regional offices with sufficient time to pull sample documentation for testing
- ❑ Perform walkthroughs well ahead of actual testing as tests may need to be redesigned
- ❑ Develop and maintain list of contacts for data requests
- ❑ Develop and maintain list of contacts in the regional offices
- ❑ Develop training materials and conduct training prior to site visits
- ❑ Communicate

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